

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON GOVERNMENT MANAGEMENT, FINANCE AND ACCOUNTABILITY



*Oversight Hearing: Audit of the Consolidated Financial Statements
of the U.S. Government for Fiscal Year 2004*

OPENING STATEMENT OF
REP. TODD R. PLATTS
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As stewards of taxpayer dollars, we owe our citizens no less than full accountability. At the very least, we need to ensure that assets are protected from loss or misuse. Ideally, we need to ensure that every dollar is spent wisely and for its intended purpose. We should also understand fully the cost of the government's operations and the implications of our financial commitments. To fulfill these important responsibilities, Congress began requiring that the Federal government produce audited financial statements beginning in fiscal year 1997.

The *2004 Financial Report of the United States* and accompanying audit performed by the Government Accountability Office were released on December 15, 2004. This deadline represents an important milestone – it is a huge improvement over the days, not too long ago, when agencies took nearly six months to close their books. Timely financial information is necessary for responsible budget decisions; and in times of fiscal constraint, as many Federal agencies are required to do more with less, real-time financial data becomes a critically important tool.

For the eighth straight year, unfortunately, GAO was unable to provide assurance as to the reliability of the information that underlies the Federal government's financial statements. As has been the case year after year, GAO reported significant material deficiencies. Additionally, this year a new issue came to light that warrants consideration; ten agencies restated their financial information for the previous fiscal year. Frequent restatements can undermine the credibility of financial reports. During this hearing we will discuss the possible reasons for these restatements and ways we can improve the process going forward to ensure that information is reliable as well as timely.

Perhaps the most important benefit of the audit process is learning how to correct systemic weaknesses. We have seen improvement since the inception of the government-wide audit in 1997, but until we can be assured that the reporting information is reliable and GAO can issue a clean opinion, we will not benefit from the full value of this report. The Government Reform Committee has a responsibility to ensure sound financial management through appropriate oversight, and this hearing will establish the basis for our work in the 109th Congress.

Our witnesses today will provide the Subcommittee with insight on the audit findings of the consolidated financial statements and discuss areas that need improvement. Today, we are pleased to have The Honorable David M. Walker, Comptroller General of the United States; The Honorable Jack Martin, who will represent the Office of Federal Financial Management at the Office of Management and Budget; and Donald V. Hammond, Fiscal Assistant Secretary at the Department of Treasury. I look forward to the testimony of each of our witnesses.